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DIRECTORATE OF INTELLIGENCE

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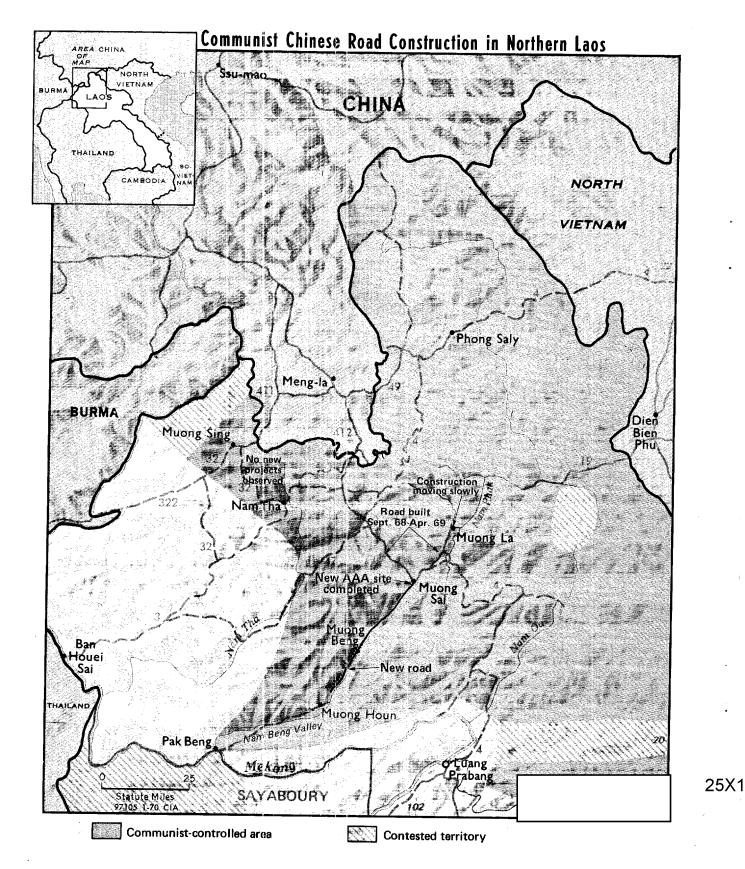
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There are no signs at this time that the Chinese intend to push road construction further south than Muong Houn this dry season. 25X1 construction crews have opened a rough motorable road to within five miles of Muong Houn. Follow-up excavating and grading activity with heavy equipment was noted along several segments of the road. In addition, a new antiaircraft site has been completed near Muong Sai, bringing to 50 the number of gun positions in this area. The absence of any survey traces or other preliminary construction activity south of Muong Houn adds some weight 25X1 that they would concentrate on finishing the Muong Sai - Muong Houn road first. On the northeast leg near Muong La, road construction has resumed, but at a much slower pace. Possibly delayed by the construction of a major bridge on the outskirts of Muong La, the Chinese have cleared only one mile along this stretch since October. 25X1 Over the past three months, Chinese construction teams have completed nearly 45 miles of preliminary road southwest of Muong Sai, the Pathet Lao headquarters. The road now penetrates deep into the Nam Beng Valley, an established Communist infiltration corridor for men and supplies destined for northern Sayaboury Province and north Thailand. Meanwhile, Chinese diplomats continue to deny any knowledge of current Chinese road construction in Laos. 25X1 (Map) 6 Jan 70 1 Central Intelligence Bulletin

Cambodia: The Vietnamese Communists recently have received large rice shipments from Cambodia. 25X1 ments totaling as much as 2,000 tons were delivered during December to Communist forces along the Laotian and South Vietnamese borders. A small portion of this rice may also have been delivered to Cambodian Army troops in the northeastern part of the country. 25X1 25X1 Temporary rice shortages in Cambodia had for a time hindered Phnom Penh's ability to provide substantial amounts of rice to the Vietnamese Communists. This obstacle was overcome, however, when Communist China and North Vietnam subsequently delivered considerable tonnages of rice to Cambodia 25X1 25X1

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Jordan: The important citrus, banana, and vegetable crops are once again threatened as a result of damage to the vital East Ghor Canal caused by an Israeli air strike.

The damage is not extensive. Only about 100 feet of a reinforced concrete bank was destroyed. Repairing the damage would take only a few days, but the Israelis may elect, as they did after an air attack last August, to keep Jordanian workers from the scene.

If repairs were prevented for as much as three months, Jordan could lose a substantial portion of its 1970 agricultural production. Fruit trees also could be permanently damaged or killed. Although Israel allowed repairs after two previous attacks, water shortages following the August attack caused an estimated loss of \$2 million. Lack of water is even more crucial now that the growing season has begun.

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Cuba: Intense sugar harvesting replaced the usual holiday festivities this year.

True to Castro's earlier announcement, labor requirements in the canefields were again assigned priority over traditional celebrations. Even the annual military parade and Castro's usual speech were omitted on 2 January, the 11th anniversary of the revolution.

A massive mobilization of military personnel and civilians was carried out in November and December to bolster the work force for the 1970 harvest.

| military preparedness may have been impaired as a result. | an unusual number of antiaircraft artillery sites have been vacated, presumably so the personnel can be used in the harvest.

The harvest does not usually enter its most intensive phase until March and April. This year, however, work schedules have been drastically advanced in an effort to achieve a record production target of ten million tons, 2.8 million higher than the previous record in 1952. Although the first million tons were produced by 23 December, which is far ahead of previous years' schedules, final totals for this harvest are expected to be well below the set goal.

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Indonesia: The army has moved quickly and effectively against limited Communist terrorism in Central Java.

The army recently deployed up to company-sized forces against an undetermined number of small armed Communist bands that have been harassing villages northeast of Jogjakarta since early December

army operations are the first of any size since early 1969 when the government crushed a Communist reorganization effort in the northern part of Central Java.

The terrorists probably belong to the minority faction of the Indonesian Communist Party that espouses armed revolution as the only course for the Communist movement. The majority faction preaches rebuilding and consolidation and regards armed tactics as sheer adventurism that merely sets up a target for government operations.

Of the four terrorist bands thus far identified, at least two were using varieties of rifles and machine guns that were either provided by or stolen from Indonesian Air Force commandos.

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Congo (Brazzaville): The government has made sweeping changes in its formal organization and trappings, reflecting the increased influence of local leftist extremists.

The changes will have little real effect on foreign or domestic policies. They were announced on 30 December at the closing of the congress of the ruling party which changed its name to the Congolese Workers' Party. The party will have a central committee of 30 members, with a six-member policy-making presidium. Brazzaville's extremist faction has increased its strength in this new inner directorate.

The country, formerly the Republic of Congo, will now be known as the People's Republic of the Congo and will have a new flag, with an interlocking hammer and hoe as a central emblem.

The leftist-oriented foreign policy that the Congo has followed in recent years will probably not become much more radical for the time being because the government realizes that it needs the technical and economic aid provided by France and West Germany. In domestic policy, the government will probably not make any further moves toward nationalizing the modern sector of the economy, which for the most part is in the hands of private foreign interests, primarily French.

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#### NOTES

Iran-Consortium: Negotiations between Iran and the Western oil consortium on oil revenues for the Iranian year that begins in March 1970 have revealed a gap of nearly \$150 million between Iranian demands and consortium estimates. This year's hassle is likely to prove particularly difficult. The Shah, determined to bolster his forces in the Persian Gulf while maintaining economic growth, badly needs foreign exchange. Prime Minister Hoveyda has already warned of "unpleasant consequences" if Iranian demands are not met. Iranian officials are also pressing the US to accept Iranian Government oil on the American market.

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anti-western feeling has developed within the council since the coup last October. The expulsion of the Peace Corps in December and the government order to the chief of the UN technical mission to expel

five members of the UN technical mission to expel five members of the mission are the most recent expressions of this sentiment and may foreshadow further moves against the US and other Western countries.

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